

# House File 2490 - Introduced

HOUSE FILE 2490

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 495)

(SUCCESSOR TO HSB 140)

## A BILL FOR

1 An Act providing for an agricultural assets transfer tax credit  
2 program, and including effective date and retroactive and  
3 other applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

AGRICULTURAL ASSETS TRANSFER TAX CREDIT PROGRAM

Section 1. Section 2.48, subsection 3, paragraph e, subparagraph (1), Code 2018, is amended to read as follows:

(1) The agricultural assets transfer tax credit program as provided in ~~section 16.80~~ chapter 16, subchapter VIII, part 5, subpart B.

Sec. 2. Section 16.1, Code 2018, is amended by adding the following new subsection:

NEW SUBSECTION. 38. "*Veteran*" means the same as defined in section 35.1.

Sec. 3. NEW SECTION. 16.77 **Administration.**

1. To every extent practicable, the authority shall administer an agricultural assets transfer tax credit program in a manner that encourages participation by eligible taxpayers and qualified beginning farmers. The authority shall determine a beginning farmer's low or moderate net worth by using a single method applicable to all its programs under this subchapter as provided under section 16.59.

2. The authority shall establish a due date to receive applications to participate in the agricultural assets transfer tax credit program.

3. The department of revenue shall cooperate with the authority in administering the agricultural assets transfer tax credit program.

Sec. 4. NEW SECTION. 16.78 **Criteria for participation.**

1. A taxpayer is eligible to participate in the agricultural assets transfer tax credit program as required by rules adopted by the authority. At a minimum, the taxpayer must be a person who may acquire or otherwise obtain or lease agricultural land in this state pursuant to chapter 9H or 9I. However, the taxpayer must not be a person who may acquire or otherwise obtain or lease agricultural land exclusively because of an exception provided in one of those chapters or in a provision of another chapter of this Code including but not limited to

1 chapter 10, 10D, or 501, or section 15E.207.

2 2. A beginning farmer qualifies to participate in the  
3 agricultural assets transfer tax credit program by meeting all  
4 of the following criteria:

5 a. Is a resident of the state. If the beginning farmer is a  
6 partnership, all partners must be residents of the state. If a  
7 beginning farmer is a family farm corporation, all shareholders  
8 must be residents of the state. If the beginning farmer is  
9 a family farm limited liability company, all members must be  
10 residents of the state.

11 b. Has sufficient education, training, or experience in  
12 farming. If the beginning farmer is a partnership, each  
13 partner who is not a minor must have sufficient education,  
14 training, or experience in farming. If the beginning farmer  
15 is a family farm corporation, each shareholder who is not a  
16 minor must have sufficient education, training, or experience  
17 in farming. If the beginning farmer is a family farm limited  
18 liability company, each member who is not a minor must have  
19 sufficient education, training, or experience in farming.

20 c. Has access to adequate working capital and production  
21 items.

22 d. Will materially and substantially participate in  
23 farming. If the beginning farmer is a partnership, family  
24 farm corporation, or family farm limited liability company,  
25 each partner, shareholder, or member who is not a minor must  
26 materially and substantially participate in farming.

27 e. Is not responsible for managing or maintaining  
28 agricultural land and other agricultural assets that are  
29 greater than necessary to adequately support a beginning farmer  
30 as determined by the authority according to rules which shall  
31 be adopted by the authority.

32 Sec. 5. NEW SECTION. 16.79 Agricultural assets transfer  
33 agreement.

34 1. An agricultural assets transfer tax credit is  
35 allowed only for agricultural assets that are subject to an

1 agricultural assets transfer agreement executed by an eligible  
2 taxpayer and a qualifying beginning farmer participating in the  
3 agricultural assets transfer tax credit program.

4 2. The agricultural assets transfer agreement shall  
5 include the lease of agricultural land located in this state,  
6 including any improvements, and may provide for the rental of  
7 agricultural equipment as defined in [section 322F.1](#).

8 3. *a.* The agricultural assets transfer agreement shall  
9 be made on a cash basis or on a commodity share basis which  
10 includes a share of the crops or livestock produced on the  
11 agricultural land. The agreement may be made on both a cash  
12 basis and commodity share basis to the extent allowed by the  
13 authority.

14 *b.* The agreement shall be in writing.

15 *c.* The agreement shall be for at least two years, but not  
16 more than five years. The agreement may be renewed by the  
17 taxpayer and beginning farmer for a term of at least two years,  
18 but not more than five years.

19 *d.* The agreement shall not include a lease or the rental of  
20 equipment intended as a security.

21 *e.* The agreement cannot be assigned and the agricultural  
22 land subject to the agreement shall not be subleased.

23 Sec. 6. Section 16.80, Code 2018, is amended by striking the  
24 section and inserting in lieu thereof the following:

25 **16.80 Agricultural assets transfer tax credit — agreement.**

26 1. An agricultural assets transfer tax credit is allowed  
27 under the agricultural assets transfer tax credit program. The  
28 tax credit is allowed against the taxes imposed in chapter 422,  
29 division II, as provided in [section 422.11M](#), and in chapter  
30 422, division III, as provided in [section 422.33](#), to facilitate  
31 the transfer of agricultural assets from a participating  
32 taxpayer to a participating beginning farmer as described in  
33 section 16.78.

34 2. An individual may claim an agricultural assets transfer  
35 tax credit under [this section](#) of a partnership, limited

1 liability company, S corporation, estate, or trust electing  
2 to have income taxed directly to the individual. The amount  
3 claimed by the individual shall be based upon the pro rata  
4 share of the individual's earnings from the partnership,  
5 limited liability company, S corporation, estate, or trust.

6 3. The agricultural assets transfer tax credit shall be  
7 based on an agricultural assets transfer agreement as required  
8 in section 16.79.

9 a. For an agreement made on a cash basis, the tax credit  
10 shall be computed as follows:

11 (1) If the beginning farmer is not a veteran, the taxpayer  
12 may claim a tax credit equal to five percent of the gross  
13 amount paid to the taxpayer under the agreement for each tax  
14 year that the tax credit is allowed.

15 (2) If the beginning farmer is a veteran, the taxpayer may  
16 claim a tax credit equal to six percent of the gross amount  
17 paid to the taxpayer under the agreement for the first year  
18 that the tax credit is allowed and five percent of the gross  
19 amount paid to the taxpayer for each subsequent tax year that  
20 the taxpayer is allowed the tax credit. However, the taxpayer  
21 may only claim five percent of the gross amount paid to the  
22 taxpayer under a renewed agreement or a new agreement executed  
23 by the same parties.

24 b. For an agreement made on a commodity share basis, the tax  
25 credit shall be computed as follows:

26 (1) (a) If the beginning farmer is not a veteran, the  
27 taxpayer may claim a tax credit equal to fifteen percent of the  
28 amount paid to the taxpayer from crops or livestock sold under  
29 the agreement.

30 (b) If the beginning farmer is a veteran, the taxpayer  
31 may claim a tax credit equal to sixteen percent of the amount  
32 paid to the taxpayer from crops or livestock sold under the  
33 agreement for the first tax year that the taxpayer is allowed  
34 the tax credit and fifteen percent of the amount paid to the  
35 taxpayer for each subsequent tax year that the taxpayer is

1 allowed the tax credit. However, the taxpayer may only claim  
2 fifteen percent of the amount paid to the taxpayer from crops  
3 or livestock sold for any tax year under a renewed agreement or  
4 a new agreement executed by the same parties.

5 (2) Notwithstanding subparagraph (1), the authority may  
6 elect an alternative method to compute a tax credit for an  
7 agreement based on a crop share basis. The alternative method  
8 shall utilize a formula which uses data compiled by the United  
9 States department of agriculture. The formula shall calculate  
10 the amount of the tax credit by multiplying the average per  
11 bushel yield for the same type of grain as produced under the  
12 lease in the same county where the leased agricultural land is  
13 located by a per bushel state price established for such type  
14 of grain harvested the previous fall.

15 4. a. The authority must review and approve an application  
16 for an agricultural assets transfer tax credit as provided by  
17 rules adopted by the authority. The application must include  
18 a copy of the agricultural assets transfer agreement. The  
19 authority may require that the parties to an agreement provide  
20 additional information as determined relevant by the authority.  
21 The authority shall review an application which includes the  
22 renewal of an agreement to determine that the parties to the  
23 renewed agreement meet the same qualifications as required for  
24 an original application.

25 b. After approving an application, the authority shall issue  
26 an agricultural assets transfer tax credit certificate to a  
27 taxpayer as provided in section 16.81, regardless of whether  
28 the taxpayer has previously been allowed a tax credit under  
29 this section or section 175.37 as it existed prior to January  
30 1, 2015.

31 c. The authority shall not approve an application or issue  
32 an agricultural assets transfer tax credit certificate to  
33 a taxpayer for an amount in excess of twenty-five thousand  
34 dollars. In addition, the authority shall not approve an  
35 application or issue an agricultural assets transfer tax credit

1 certificate to a taxpayer if any of the following applies:

2 (1) The taxpayer is at fault for terminating a prior  
3 agricultural assets transfer agreement as determined by the  
4 authority.

5 (2) The taxpayer is any of the following:

6 (a) A party to a pending administrative or judicial action,  
7 including a contested case proceeding under [chapter 17A](#),  
8 relating to an alleged violation involving an animal feeding  
9 operation as regulated by the department of natural resources,  
10 regardless of whether the pending action is brought by the  
11 department or the attorney general.

12 (b) Classified as a habitual violator for a violation of  
13 state law involving an animal feeding operation as regulated by  
14 the department of natural resources under chapter 459.

15 (3) The agricultural assets are being leased or rented at  
16 a rate that is substantially higher or lower than the market  
17 rate for similar agricultural assets leased or rented within  
18 the same community, as determined by the authority.

19 5. An agricultural assets transfer tax credit in excess  
20 of the taxpayer's liability for the tax year may be credited  
21 to the tax liability for the following ten tax years or until  
22 depleted, whichever is earlier. A tax credit shall not be  
23 carried back to a tax year prior to the tax year in which the  
24 taxpayer redeems the tax credit. A tax credit shall not be  
25 transferable to any other person other than the taxpayer's  
26 estate or trust upon the taxpayer's death.

27 6. A taxpayer or the beginning farmer may terminate an  
28 agricultural assets transfer agreement as provided in the  
29 agreement or by law. The taxpayer must immediately notify  
30 the authority of the termination. Any prior properly claimed  
31 agricultural assets transfer tax credit shall be allowed.

32 a. If the authority determines that the taxpayer is not  
33 at fault for the termination, the authority shall not issue  
34 an agricultural assets transfer tax credit certificate to  
35 the taxpayer for a subsequent tax year based on the approved

1 application. The taxpayer may apply for and be issued another  
2 agricultural assets transfer tax credit certificate under a  
3 new agreement for the same agricultural assets as provided in  
4 this section for any remaining tax years for which a tax credit  
5 certificate was not issued.

6     **b.** If the authority determines that the taxpayer is at  
7 fault for the termination, the agricultural assets transfer  
8 tax credit that had been allowed for that tax year shall be  
9 disallowed and the amount shall be considered a tax payment  
10 due. If a taxpayer does not immediately notify the authority  
11 of the termination, the taxpayer shall be conclusively deemed  
12 at fault for the termination.

13     Sec. 7. NEW SECTION. **16.81 Tax credit certificates —**  
14 **amount and availability.**

15     1. A taxpayer shall not claim an agricultural assets  
16 transfer tax credit unless an agricultural assets transfer tax  
17 credit certificate issued by the authority is included with the  
18 taxpayer's tax return for the tax year for which the tax credit  
19 is claimed.

20     2. The amount of the agricultural assets transfer tax credit  
21 that may be issued under the agricultural assets transfer tax  
22 credit program shall not in the aggregate exceed nine million  
23 dollars in any year.

24     3. The authority shall issue agricultural assets transfer  
25 tax credit certificates on a first-come, first-served basis.

26     Sec. 8. Section 422.11M, Code 2018, is amended to read as  
27 follows:

28     **422.11M Agricultural assets transfer tax credit.**

29     The taxes imposed under this division, less the credits  
30 allowed under section 422.12, shall be reduced by an  
31 agricultural assets transfer tax credit ~~as allowed under~~  
32 ~~section 16.80~~ as provided in chapter 16, subchapter VIII, part  
33 5, subpart B.

34     Sec. 9. Section 422.33, subsection 21, Code 2018, is amended  
35 to read as follows:



1     21. The taxes imposed under this division shall be reduced  
2 by an agricultural assets transfer tax credit as allowed under  
3 ~~section 16.80~~ chapter 16, subchapter VIII, part 5, subpart B.

4     Sec. 10. EFFECTIVE DATE. This division of this Act, being  
5 deemed of immediate importance, takes effect upon enactment.

6     Sec. 11. RETROACTIVE APPLICABILITY. This division of this  
7 Act applies retroactively to January 1, 2018, for tax years  
8 beginning on or after that date.

9                                   DIVISION II

10       FUTURE REPEAL OF AGRICULTURAL ASSETS TRANSFER TAX CREDIT  
11       PROGRAM AND REPLACEMENT WITH CURRENT AGRICULTURAL ASSETS  
12                                   TRANSFER TAX CREDIT

13     Sec. 12. Section 2.48, subsection 3, paragraph e,  
14 subparagraph (1), as amended by this Act, is amended by  
15 striking the subparagraph and inserting in lieu thereof the  
16 following:

17       (1) The agricultural assets transfer tax credit as provided  
18 in section 16.80.

19     Sec. 13. Section 16.1, subsection 38, as amended by this  
20 Act, is amended by striking the subsection.

21     Sec. 14. Section 16.80, as amended by this Act, is amended  
22 by striking the section and inserting in lieu thereof the  
23 following:

24       **16.80 Agricultural assets transfer tax credit — agreement.**

25       1. An agricultural assets transfer tax credit is allowed  
26 under this section. The tax credit is allowed against the  
27 taxes imposed in chapter 422, division II, as provided in  
28 section 422.11M, and in chapter 422, division III, as provided  
29 in section 422.33, to facilitate the transfer of agricultural  
30 assets from a taxpayer to a beginning farmer.

31       2. In order to qualify for the tax credit, the taxpayer  
32 must meet qualifications established by rules adopted by the  
33 authority. At a minimum, the taxpayer must comply with all of  
34 the following:

35       a. Be a person who may acquire or otherwise obtain or lease

1 agricultural land in this state pursuant to chapter 9H or 9I.  
2 However, the taxpayer must not be a person who may acquire  
3 or otherwise obtain or lease agricultural land exclusively  
4 because of an exception provided in one of those chapters or in  
5 a provision of another chapter of this Code including but not  
6 limited to chapter 10, 10D, or 501, or section 15E.207.

7     *b.* Execute an agricultural assets transfer agreement with a  
8 beginning farmer as provided in this section.

9     3. An individual may claim a tax credit under this section  
10 of a partnership, limited liability company, S corporation,  
11 estate, or trust electing to have income taxed directly to  
12 the individual. The amount claimed by the individual shall  
13 be based upon the pro rata share of the individual's earnings  
14 from the partnership, limited liability company, S corporation,  
15 estate, or trust.

16     4. The tax credit is allowed only for agricultural assets  
17 that are subject to an agricultural assets transfer agreement.  
18 The agreement shall provide for the lease of agricultural land  
19 including any improvements and may provide for the rental of  
20 agricultural equipment as defined in section 322F.1.

21     *a.* The agreement may be made on a cash basis or on a  
22 commodity share basis which includes a share of the crops or  
23 livestock produced on the agricultural land. The agreement  
24 must be in writing.

25     *b.* The agreement shall be for at least two years, but  
26 not more than five years. The agreement or that part of  
27 the agreement providing for the lease may be renewed by the  
28 beginning farmer for a term of at least two years, but not more  
29 than five years. An agreement does not include a lease or the  
30 rental of equipment intended as a security.

31     5. The tax credit shall be calculated based on the gross  
32 amount paid to the taxpayer under the agricultural assets  
33 transfer agreement.

34     *a.* Except as provided in paragraph "b", the tax credit shall  
35 equal five percent of the amount paid to the taxpayer under the

1 agreement.

2     *b.* The tax credit shall equal fifteen percent of the  
3 amount paid to the taxpayer from crops or animals sold under  
4 an agreement in which the payment is exclusively made from the  
5 sale of crops or animals.

6     6. In order to qualify as a beginning farmer, a person  
7 must be eligible to receive financial assistance under section  
8 16.75.

9     7. A tax credit in excess of the taxpayer's liability  
10 for the tax year may be credited to the tax liability for  
11 the following ten tax years or until depleted, whichever is  
12 earlier. A tax credit shall not be carried back to a tax year  
13 prior to the tax year in which the taxpayer redeems the tax  
14 credit. A tax credit shall not be transferable to any other  
15 person other than the taxpayer's estate or trust upon the  
16 taxpayer's death.

17     8. A taxpayer shall not claim a tax credit under this  
18 section unless a tax credit certificate issued by the authority  
19 is included with the taxpayer's tax return for the tax year for  
20 which the tax credit is claimed. The authority must review  
21 and approve an application for a tax credit as provided by  
22 rules adopted by the authority. The application must include  
23 a copy of the agricultural assets transfer agreement. The  
24 authority may approve an application and issue a tax credit  
25 certificate to a taxpayer who has previously been allowed a  
26 tax credit under this section. The authority may require  
27 that the parties to an agricultural assets transfer agreement  
28 provide additional information as determined relevant by the  
29 authority. The authority shall review an application for a tax  
30 credit which includes the renewal of an agricultural assets  
31 transfer agreement to determine that the parties to the renewed  
32 agreement meet the same qualifications as required for an  
33 original application. However, the authority shall not approve  
34 an application or issue a certificate to a taxpayer if any of  
35 the following applies:

1     *a.* The taxpayer is at fault for terminating a prior  
2 agricultural assets transfer agreement as determined by the  
3 authority.

4     *b.* The taxpayer is any of the following:

5         (1) A party to a pending administrative or judicial action,  
6 including a contested case proceeding under chapter 17A,  
7 relating to an alleged violation involving an animal feeding  
8 operation as regulated by the department of natural resources,  
9 regardless of whether the pending action is brought by the  
10 department or the attorney general.

11         (2) Classified as a habitual violator for a violation of  
12 state law involving an animal feeding operation as regulated by  
13 the department of natural resources.

14     *c.* The beginning farmer is responsible for managing or  
15 maintaining agricultural land and other agricultural assets  
16 that are greater than necessary to adequately support a  
17 beginning farmer as determined by the authority according to  
18 rules which shall be adopted by the authority.

19     *d.* The agricultural assets are being leased or rented at  
20 a rate which is substantially higher or lower than the market  
21 rate for similar agricultural assets leased or rented within  
22 the same community, as determined by the authority.

23     9. A taxpayer or the beginning farmer may terminate an  
24 agricultural assets transfer agreement as provided in the  
25 agreement or by law. The taxpayer must immediately notify the  
26 authority of the termination.

27     *a.* If the authority determines that the taxpayer is not  
28 at fault for the termination, the authority shall not issue a  
29 tax credit certificate to the taxpayer for a subsequent tax  
30 year based on the approved application. Any prior tax credit  
31 is allowed as provided in this section. The taxpayer may  
32 apply for and be issued another tax credit certificate for the  
33 same agricultural assets as provided in this section for any  
34 remaining tax years for which a certificate was not issued.

35     *b.* If the authority determines that the taxpayer is at fault

1 for the termination, any prior tax credit allowed under this  
2 section is disallowed. The tax credit shall be recaptured  
3 and the amount of the tax credit shall be immediately due and  
4 payable to the department of revenue. If a taxpayer does  
5 not immediately notify the authority of the termination,  
6 the taxpayer shall be conclusively deemed at fault for the  
7 termination.

8     10. The amount of tax credit certificates that may be issued  
9 pursuant to this section shall not exceed six million dollars  
10 in any fiscal year. The authority shall issue the tax credit  
11 certificates on a first-come, first-served basis.

12     Sec. 15. Section 422.11M, as amended by this Act, is amended  
13 by striking the section and inserting in lieu thereof the  
14 following:

15     **422.11M Agricultural assets transfer tax credit.**

16     The taxes imposed under this division, less the credits  
17 allowed under section 422.12, shall be reduced by an  
18 agricultural assets transfer tax credit as allowed under  
19 section 16.80.

20     Sec. 16. Section 422.33, subsection 21, as amended by this  
21 Act, is amended by striking the subsection and inserting in  
22 lieu thereof the following:

23     21. The taxes imposed under this division shall be reduced  
24 by an agricultural assets transfer tax credit as allowed under  
25 section 16.80.

26     Sec. 17. REPEAL. Sections 16.77, 16.78, 16.79, and 16.81,  
27 as enacted by this Act, are repealed.

28     Sec. 18. REPEAL. Any intervening provision effective prior  
29 to January 1, 2023, that amends a section as enacted in another  
30 division of this Act, and repealed in this division of this Act  
31 is also repealed, unless that Act or another Act specifically  
32 provides otherwise.

33     Sec. 19. EFFECTIVE DATE.

34     1. Except as provided in subsection 2, this division of this  
35 Act takes effect January 1, 2023.

1     2. The section of this division of this Act that relates to  
2 an intervening provision takes effect upon enactment.

3     Sec. 20. APPLICABILITY. This division of this Act applies  
4 to tax years beginning on or after January 1, 2023.

5                                   EXPLANATION

6             The inclusion of this explanation does not constitute agreement with  
7             the explanation's substance by the members of the general assembly.

8     GENERAL — THREE VERSIONS. This bill strikes the  
9 agricultural assets transfer tax credit (tax credit) as it  
10 has existed since January 1, 2018 (herein referred to as the  
11 current version), and replaces it with the tax credit as it  
12 had existed on December 31, 2017, with certain changes and  
13 designated as the "Agricultural Assets Transfer Tax Credit  
14 Program" (herein referred to as the new revised version). The  
15 bill provides that the new revised version will be replaced  
16 again with the current version on January 1, 2023 (herein  
17 referred to as the restored current version).

18     PROCEDURAL HISTORY. The three versions are based on two  
19 forms of earlier legislation. The current version and restored  
20 current versions are based on SF 2268 enacted in 2006 which was  
21 administered by the agricultural development board under Code  
22 chapter 175 (2006 Iowa Acts, chapter 1161). The new revised  
23 version is based on HF 599 enacted in 2013 that included  
24 amendments to the original 2006 legislation (2013 Iowa Acts,  
25 chapter 125) and a new custom farming contract tax credit.  
26 Both tax credits were designated under the title "Beginning  
27 Farmer Tax Credit Program". The program was administered  
28 by the agricultural development board. In that same year,  
29 supervision of the board was transferred to the Iowa finance  
30 authority (authority) (2013 Iowa Acts, chapter 100) and a year  
31 later the general assembly enacted SF 2328 transferring the  
32 program to Code chapter 16 as reorganized (2014 Iowa Acts,  
33 chapter 1080).

34     PROVISIONS IN COMMON. Under the three versions, a taxpayer  
35 who holds agricultural assets which must include agricultural

1 land, and may include associated agricultural equipment, is  
2 entitled to claim a tax credit based on an agricultural assets  
3 transfer agreement (agreement) entered into by the taxpayer and  
4 a beginning farmer. The agreement must provide for the lease  
5 of agricultural land and may provide for the associated rental  
6 of agricultural equipment. The tax credit applies against  
7 individual or corporate tax liability equal to a percentage of  
8 the rent paid to the taxpayer by the beginning farmer on a cash  
9 or commodity share basis. A beginning farmer's eligibility  
10 is based on the same requirements that apply to the beginning  
11 farmer loan program that is now also administered under the  
12 supervision of the authority. An agreement cannot be for less  
13 than two and not more than five years, but renewal is allowed.  
14 A tax credit is not available under certain circumstances,  
15 including if the taxpayer is (1) at fault for terminating a  
16 prior agreement, (2) a party to a pending administrative or  
17 judicial action involving an environmental violation involving  
18 an animal feeding operation, or (3) classified as a habitual  
19 violator of such environmental regulations. It also cannot  
20 be claimed if the agricultural assets are being leased or  
21 rented at a rate that is substantially higher or lower than  
22 the market rate. Finally, the tax credit is not available if  
23 the agreement has been terminated. A tax credit certificate  
24 is issued to the taxpayer on a first-come, first-served basis.  
25 The number of tax credit certificates is limited by a ceiling  
26 of moneys available to support the tax credit. The legislative  
27 tax expenditure committee must review the tax credit according  
28 to its scheduled review of a number of other credits.

29     DIFFERENCE IN PROVISIONS — TAX CREDIT CALCULATED. The  
30 current and restored current versions provide that the tax  
31 credit equals 5 percent of the amount paid to the taxpayer  
32 under the agreement if made on a cash basis and 15 percent  
33 of the amount paid to the taxpayer if made on a commodity  
34 share basis. Note, under these versions, there is no cap on  
35 the amount that may be claimed by the taxpayer in any tax

1 year. The new revised version provides the taxpayer may claim the same percentages as provided in the current version but also includes a preference for veterans. In that case, the percentage is increased by 1 percent for the first tax year. In addition, a taxpayer cannot claim more than \$25,000 in any tax year. Under the 2013 amendments, if the agreement was made on a cash basis, the tax credit equaled 7 percent and if the agreement was made on a commodity share basis the tax credit equaled 17 percent. The 2013 amendments also included a veterans preference equal to a one-year 1 percent increase for both types of payment arrangements (8 percent for cash and 12 percent for veterans). The 2013 amendments also limited the tax credit to not more than \$50,000 in any tax year.

14 DIFFERENCE IN PROVISIONS — AVAILABLE CEILING. The current version and restored current version provide a \$6 million ceiling on the aggregate amount of tax credit certificates that may be issued during any one year. The new revised version provides a \$9 million ceiling. The 2013 amendments had included a \$12 million ceiling that supported both the agricultural assets transfer tax credit and the custom farming contract tax credit. The new revised version, based on the 2013 amendments, no longer includes a custom farming contract tax credit.

24 DIFFERENCES IN PROVISIONS — MISCELLANEOUS. The current version and restored current version provides that the tax credit is based on an agreement which includes arrangements for lease and rental payments based on either a cash or commodity share basis. The new revised version provides that the tax credit may be based on either or both arrangements to the extent allowed by the authority. The 2013 amendments also allowed for both arrangements but without an express limitation. The current version and restored current version allow for capturing a prior allowed tax credit while the new revised version allows for any properly claimed tax credit but provides that the tax credit that had been allowed for the



1 current tax year in which the termination occurs is disallowed.  
2 The 2013 amendments had also included a recapture provision.  
3 EFFECTIVE AND APPLICABILITY DATES. The provisions of  
4 the bill that strike the current version and replace it with  
5 the new revised version take effect upon enactment and apply  
6 retroactively to January 1, 2018, for tax years beginning on  
7 or after that date. The provisions of the bill that strike the  
8 new revised version and replace it with the restored current  
9 version take effect January 1, 2023, and apply to tax years  
10 beginning on or after that date.